



Department of Justice

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DIVESTITURES RESOLVE DEPARTMENT OF JUSTICE INVESTIGATION OF NEW YORK UTILITY MERGER

WASHINGTON, D.C. -- The Department of Justice today announced that Consolidated Edison Inc. and Orange & Rockland Utilities Inc. have resolved antitrust concerns involving their proposed merger by selling all of Orange & Rockland's electric generating plants and a plant co-owned by the companies to Southern Energy Inc. The divestitures clear the way for Consolidated Edison's proposed \$800 million acquisition of Orange & Rockland.

"These divestitures preserve competition for electricity in New York," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. "As deregulation of the electricity industry proceeds, we intend to ensure that mergers do not deprive consumers of the benefits of competition."

According to the Department, the merger would have lessened competition in the already concentrated market for the generation of electricity in eastern New York. During periods of high demand for electricity, such as hot summer days, consumers and utilities in eastern New York must rely on electricity generated by plants in the area. Without the divestitures, Consolidated Edison would have owned fifty percent or more of the capacity of electric generation plants available to supply electricity in eastern New York during peak periods. While

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the merger would have eliminated Orange & Rockland as a competitor, the divestiture ensures that electricity produced by Orange & Rockland's electric generation facilities remains an independent, competitive source for electricity.

Consolidated Edison, a public utility holding company headquartered in New York City, sells electricity through its subsidiary, Consolidated Edison Company of New York. The company owns generation plants and serves consumers in New York City and parts of Westchester County and had electricity revenues in 1998 in excess of \$5.7 billion.

Orange & Rockland, headquartered in Pearl River, New York, owns generation plants and serves consumers in portions of Orange and Rockland Counties, New York, as well as in portions of Bergen, Passaic and Sussex Counties, New Jersey, through its Rockland Electric Company subsidiary, and in portions of Pike County, Pennsylvania, through its Pike County Electric Company subsidiary. Orange & Rockland's 1998 electric revenues totaled nearly \$500 million.

Southern Energy is a subsidiary of Southern Company and headquartered in Atlanta, Georgia. It sells electricity in the United States and 9 other countries and had 1998 net income of \$238 million.

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